

Income Subject to Apportionment

The income subject to Apportionment will be Box A of the Parochial Report. This line is also entitled "Total Normal Operating Income."

The five types of operating income are:

Plate Income (line 3 of Parochial Report): All unpledged and undesignated offerings All loose offerings at services. All seasonal offerings, such as, Easter, Christmas, etc.

Pledge Payments (line 3): All payments made on pledges to the congregation All recurring check payments from a person who has made no specific pledge. All amounts designated for general parish expenses, such as, heating oil offerings. All prepaid pledges received in the current year. All payments made to complete payment on a previous year's pledge.

Net Operating Investment Income (line 4): Dividends and interest earned (less any investment charges) used for parish operating expenses and/or Diocesan and National Church program Dividends and interest earned on funds the donor designated for parish operating expenses. Dividends and interest earned from any fund designated by vestry action regardless of purpose.

Other Operating Income (line 5): Donations made in memory of a person which can be used by the parish for general operating purposes. The net rental income from property. *Note: Only known direct expenses can be deducted from the rental income - no estimated expenses.* The net income from fundraising events, such as, fairs, bazaars, etc. The net income from the sale of objects donated or owned by the parish, such as works of art, etc. Grants for operating purposes from non-Church sources. Any withdrawals from Endowments/Investments used by the congregation for general operating purposes. Any other income that can be used by the vestry for any operating or non-operating purpose as the vestry chooses. **Contributions from Congregation's Organizations (Line 5):** All offerings from person attending Church School. All amounts donated by the organization for the general operation of the parish. All amounts paid directly by the organization for the general operation of the parish.

Income Not Subject to Apportionment

There are five types of non-operating income. They are:

Capital Funds Contributions:

1. All designated or restricted contributions, pledged or otherwise, for the purpose of purchasing land or buildings.
2. All designated or restricted contributions, pledged or otherwise, for the purpose of major construction projects. *Note: routine maintenance is not a major construction project.*

Bequests (line 6 and line 9):

1. The principal of all unrestricted bequests is reported on line 6 and is not subject to apportionment. The income this bequest earns will be subject to apportionment and that income will be part of line 4.
2. The principal of all bequests restricted by the donor for non-operating purposes is reported on line 9 and is not subject to apportionment. The income this bequest earns will be reported on line 10 and is not subject to apportionment.

3. Bequests specifically mean gifts by will after the death of the donor.
Net Restricted/Designated Investment Income (line 10):

Dividends and interest earned (less any investment charges) on funds designated by the original donor on the date of the gift for purpose(s) that are not normal operating expenses of a congregation. *Note: Any income designated for parish operating expenses or for Diocesan Apportionment is included in line 4 - not here.*

Restricted and Designated Offerings for Purposes Outside the Church Program (line 11): All designated offerings and gifts for purposes outside the parish, such as, Episcopal Charities, Presiding Bishop's Fund local charities, etc.

Grants from the Diocese (line 7): A. Any grant from the diocese is not subject to apportionment even though the grant might have been used to support normal operating programs of the congregation.

Deductions from Income Subject to Apportionment

There are four deductions approved by Diocesan Convention. They are:

1. The Basic \$5,000 deduction: Each congregation deducts the first \$5,000 of its income.

2. The Housing Allowance Deduction: If a congregation provides a cash housing allowance rather than a rectory to any of its clergy, that congregation may deduct 50% of the housing allowance provided that the housing allowance is not more than 25% of the total salary and housing paid the clergy person.

Amounts designated by vestry as cash housing allowances to clergy living in church provided housing are not included in this deduction.

In effect, this means the maximum deduction is 25% of the cleric's salary and housing. [This maximum deduction is accomplished when housing is equal to or exceeds cash salary.]

The housing allowance used is the amount designated by the Vestry. The amount the cleric actually spends on housing is not considered for apportionment purposes.

3. The Capital Expense Deduction: The amount a parish spends on a major repair provided: the amount exceeds \$5,000, and there is a useful life of ten (10) years, and the income deducted was included in the income subject to apportionment in the first place. This means that capital items paid by dollars not subject to apportionment, such as, building funds and/or funds transferred from endowment principal cannot be deducted since no apportionment would be due anyway.

The Commission on Finance assumes that parishes with deficits who also have capital expenses paid for the capital expenses with the transfer of principal hence there is no deduction in this case.

4. The Assessment to Elect the Next Bishop: The amount a parish is assessed for the Fund to Elect the Next Bishop is to be deducted.

The Apportionment Rate: The percentage for the Apportionment is set each year at Convention.

